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FISCAL IMPACT STATEMENT

LS 6307

BILL NUMBER: HB 1030

NOTE PREPARED: Feb 24, 2010

BILL AMENDED: Feb 24, 2010

SUBJECT: Local Government Reorganization.

FIRST AUTHOR: Rep. Riecken

FIRST SPONSOR: Sen. Kruse

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Reorganization of Local Government: The bill specifies that a reorganization committee acting under the local government reorganization statutes must include in its reorganization plan submitted to a political subdivision after June 30, 2010, a statement regarding: (1) whether a fiscal impact analysis concerning the proposed reorganization has been prepared by or on behalf of the reorganization committee; and (2) whether a fiscal impact analysis concerning the proposed reorganization has been made available to the public.

It provides that in the case of a plan of reorganization submitted to a political subdivision after June 30, 2010, the political subdivision shall post a copy of the plan of reorganization on an Internet web site maintained or authorized by the political subdivision not more than 30 days after receiving the plan of reorganization.

This bill also provides that officers for a reorganized political subdivision that results from a reorganization including a county and at least one municipality shall be elected at the next general election after the voters approve the reorganization.

It specifies that the public question on a proposed reorganization shall be placed on the ballot on the first regularly scheduled general election or municipal election (excluding any primary elections) that will occur in all of the precincts of the reorganizing political subdivisions.

It also provides that if a statute is enacted allowing a county to reorganize the county executive body, county legislative body, or county fiscal body and if: (1) a plan of reorganization is not prepared, notice must be published that includes a statement indicating whether a fiscal impact analysis has been prepared or not

prepared and whether the fiscal impact analysis has been made available or has not been made available to the public; or (2) a plan of reorganization is prepared, the plan of reorganization must include a statement indicating whether a fiscal impact analysis has been prepared or not prepared and whether the fiscal impact analysis has been made available or has not been made available to the public.

County Chief Executive Officer: The bill provides that in counties other than Marion County, the county executive may adopt an ordinance providing that the voters of the county shall elect a single county chief executive officer to serve as the county executive and a county council that has the legislative and fiscal powers and duties of the county. The bill provides that such an ordinance to change the structure of county government may be adopted only during an odd-numbered year or before July 1 of an even-numbered year. The bill specifies that an ordinance providing for a single elected county executive officer must be approved by a unanimous vote of all the elected members of the county executive.

It provides that in a county with a single county chief executive officer: (1) the initial county chief executive officer is elected in the second general election after the ordinance to change the structure of county government is approved; (2) the board of county commissioners is abolished; and (3) the membership of the county council continues under existing law.

Replacing a Single County Chief Executive Officer: The bill provides that in a county that has a chief executive officer, the number of registered voters equal to 2% of the votes cast in the last election for Secretary of State in the county may petition the county council to adopt an ordinance requiring the election of a board of commissioners (instead of a single county chief executive officer) to serve as the: (1) county executive if the county is Lake County or St. Joseph County; or (2) the county executive and legislative body in any other county (except Marion County).

Order of Offices on Ballot: The bill places city offices on the primary and general election ballots before (rather than after) township offices.

Public Employees Holding Elective Office: The bill provides that an employee of a political subdivision is considered to have resigned from employment with the political subdivision if the employee assumes the elected executive office of the political subdivision or becomes an elected member of the political subdivision's legislative or fiscal body. The bill specifies that the restriction applies to an employee of a political subdivision who assumes an elected office after January 1, 2011, but provides that the restriction does not apply to an employee of a political subdivision who holds elective office on January 1, 2011, as long as the individual continues to hold or be reelected to that office. It provides that the restriction does not prohibit an employee of a political subdivision from holding an elected office of a political subdivision other than the political subdivision that employs the government employee.

Nepotism: The bill prohibits a relative of an officer or employee of a political subdivision from being employed by the political subdivision in a position that would put the relative in a direct supervisory or subordinate relationship with the officer or employee. It specifies that an employee of a political subdivision is not required by these provisions to be terminated or reassigned from any position held by that individual before July 1, 2010, but provides that this grandfathering provision expires January 1, 2015.

It also provides that a political subdivision may not enter into or renew certain contracts.

Marion County - Township Fire Emergency Loans: The bill provides for the adjustment of maximum property tax levies after the consolidation of fire departments in Marion County. It provides that the property

tax levy limits do not apply to property taxes imposed by the consolidated city to pay indebtedness assumed or paid under a consolidation of fire departments in Marion County. It also specifies that not more than four years after the consolidation of a fire department in Marion County, the consolidated city may levy a tax above the tax rate set for the consolidated fire department in the township as necessary to phase out that township's borrowing for fire and emergency services and any other emergency or temporary loans by the township for fire and emergency services.

Marion County - Statement of Economic Interest: The bill requires constables and deputy constables to file an annual statement of economic interests with the commission on judicial qualifications.

Marion County - Building Authority Budget: It provides that a building authority in Marion County must submit its operating and maintenance budget and tax levy to the city-county council for approval.

Vote Centers: The bill establishes the use of vote centers as an option for all counties. It requires the county election board (CEB) to adopt an order designating a county a vote center county, adopt a plan to administer the vote centers, and file the order and the plan with the Election Division. It also requires the CEB to accept and consider public comment before adopting an order designating the county as a vote center county.

It provides that designation of a county as a vote center county remains in effect until the CEB rescinds the order designating the county as a vote center county and files a copy of the rescission with the Election Division.

Electronic Poll Lists: The bill provides that an electronic poll list must be programmed so that access to the list requires the coordinated action of two precinct election officials who are not members of the same political party. The bill allows an electronic poll list used at a vote center to include an electronic image of the voter's signature, if available.

Vote Totals: The bill authorizes a precinct election board administering an election at a vote center to report the vote totals by precinct on election night.

Vote Center Pilot County: It redesignates automatically as a vote center county a county previously designated a vote center pilot county.

School Board Elected at General Election: The bill provides that school board members selected by election must be elected at general elections beginning in 2012.

Repealers: The bill repeals the expiration date of the vote center program and provisions that: (1) require the Secretary of State's approval of the vote center designation; and (2) allow the Secretary of State to revoke the vote center designation. It also repeals other obsolete and superseded statutes.

Budgets and Bond Issues of Public Libraries: The bill provides that in the case of a public library that: (1) is outside Marion County; (2) has assessed valuation inside and outside a city or town but was originally established by the city or town; and (3) has a nonelected board; any required approval of the public library's budget, property tax levy, or bond issues beginning December 31, 2010, must be made by the county council (rather than the city or town that originally established the public library, as required under current law) if more than 50% of the parcels of real property within the jurisdiction of the public library are located outside the city or town.

Reappointment to the Library Board: It provides that an appointee to a Class 1 public library board who serves four consecutive terms may be reappointed to the board at least four years after the date the appointee's most recent term ended.

Library Cards: The bill allows a Class 1 or Class 2 public library board to issue local library cards without charge to a nonresident of the library district who is: (1) a library employee of the district; or (2) a teacher employed by a school corporation or nonpublic school located in the district; if the library board adopts a resolution that is approved by an affirmative vote of a majority of the members appointed to the library board.

Collection of Unpaid Debt: It allows a Class 1 or Class 2 public library board to designate a third party to collect money for the library regardless of the amount of money owed. (Current law allows a Class 1 library board to designate a third party to collect amounts over ten dollars.)

Electronic Funds Transfer: The bill allows a Class 1 or Class 2 public library to pay claims by electronic funds transfer if the library board authorizes the payment method by adopting a resolution.

Dissolution of a Library District: The bill allows a Class 1 or Class 2 library district to dissolve if identical resolutions are adopted by a majority of the appointed members of the: (1) legislative bodies of the municipalities, townships, and counties that are a part of the district; and (2) the library board. It requires that copies of the resolutions must be filed not later than ten days after the resolution is adopted with the state library and the county recorder of each county in which the library district is located.

The bill provides that a dissolution is not effective until: (1) all legal and fiscal obligations of the library district have been satisfied; (2) the assets of the district have been distributed; and (3) a notice is filed with the county recorder and the state library that the dissolution is final.

Decennial Census Year Reorganization: The bill provides that annexations, governmental reorganizations, municipal mergers, town incorporations, municipal dissolutions, governmental name changes, or boundary alterations that would otherwise become effective under current law on January 2 of the year in which a federal decennial census is conducted shall instead become effective on January 1 of the year in which the federal decennial census is conducted. It provides that any action that was effective January 2, 2010, under current law is instead effective on January 1, 2010, without the adoption of an amended ordinance or reorganization plan or any additional action.

Third Class City Legislative Body: The bill allows the legislative body of a third class city having a population of less than 10,000 to adopt an ordinance, after June 30, 2010, and during a year in which an election of the city legislative body will not occur, to redistrict or reduce the number of members of the legislative body. It provides that the legislative body districts created by the ordinance apply to the first election of the legislative body held after the date the ordinance is adopted.

Legislative Districts: The bill establishes standards for drawing legislative districts.

Redistricting Study Committee: It establishes the Redistricting Study Committee. It requires the committee to: (1) study the topic of redistricting and make recommendations on ways to improve the redistricting process, including a review of computer programs that are available to assist in the redistricting process and methods that are available to include the public in the redistricting process; (2) study proposals to amend the Constitution of the State of Indiana to establish an independent commission to draw legislative and

congressional district boundaries, beginning with the 2021 redistricting; (3) prepare draft legislation to create a redistricting commission if the voters of Indiana adopt an amendment to the Constitution of the State of Indiana; (4) examine the successes and failures of redistricting commissions in other states and analyze the results of the 2010 election in Indiana and other states to make recommendations to the General Assembly; and (5) consider certain standards for drawing legislative and congressional districts.

Effective Date: Upon passage; January 1, 2010 (retroactive); July 1, 2010; January 1, 2011.

Explanation of State Expenditures: *Vote Centers:* The Election Division would have to file the paperwork for new permanent vote centers adopted by a county election board. The Election Division's existing level of resources would be sufficient to carry out this provision.

Redistricting Commission: The Redistricting Study Committee will consist of 17 members, includes four members appointed by the President Pro Tempore of the Senate, four members appointed by the Speaker of the House. In addition, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the minority leader of each chamber will each appoint two citizen of Indiana. The Chief Justice of the Indiana Supreme Court is a member and chair of the Committee. The committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 per interim for committees with 16 members or more.

State Board of Accounts: The bill makes training by the State Board of Accounts (SBOA) mandatory, rather than optional, for fiscal officers of a third class city. Since the SBOA currently provides this training, it is not expected to have fiscal impact on the SBOA.

Explanation of State Revenues:

Explanation of Local Expenditures: *County Chief Executive Officer:* The bill does not delete any current county executive or legislative responsibility. If the county executive adopts an ordinance, duties from a three-member board of county commissioners are reassigned to a single elected chief executive, which could reduce compensation costs. Conversely, the bill also allows the voters of a county to change from a single elected chief executive officer to a three-member county executive or legislative body through a petition process. Ultimately officer compensation is determined by the county fiscal body, and any cost savings will result from the decisions of the fiscal body. Officers are compensated from the county general fund.

Reorganization of Legislative Duties: In a county where the county executive adopts an ordinance transferring executive duties to a single chief executive officer, the reassignment of legislative duties from the county commissioners to the county council should have no fiscal impact.

End of Municipal Elections: There would be a cost savings to municipalities under this provision. Counties running municipal elections would save on election expenses with the elimination of municipal elections.

The bill provides that the municipal election of 2011 would be the last odd-year election. Municipal offices would be elected in even-numbered years after December 31, 2011. Successors to certain municipal office holders that would be elected in 2011 would be elected in 2014 at the earliest. Municipal judges elected in 2011 would run for reelection in the 2016 general election.

County Option: The bill would allow a legislative body to elect 50% of the legislative body during

Presidential election years. An ordinance of this nature would have to be adopted in the year immediately preceding a non-Presidential election year.

Multiple-County Municipalities: For municipalities that have incorporated areas in more than one county, the county containing the greatest percentage of the municipality's residents would be required, upon written request, to establish the precincts in the municipality, supply those precincts with poll lists, and perform all other duties under election code as if the residents of the municipality from outside the county were residents of the county. Presumably, the savings from the cancellation of odd-year elections would be shifted to cover any expenditures that would occur under this provision.

(Revised) *School Board Elected at General Election:* School board governing body members would be elected at general elections beginning with the 2012 general election. There would be minor cost adjustments from primary to general election budgets, primarily for ballot costs, in counties with primary-elected school boards.

Vote Centers: The establishment of vote centers could reduce the expenditures needed to conduct an election, including payment of fewer poll workers and printing of poll books. However, start-up expenses such as the establishment of an electronic poll book database could offset some of the potential savings. The impact on local expenditures would depend on the adoption of ordinances by county election boards (under unanimous approval) and resolutions of approval by both the county executive and county fiscal body.

Electronic Poll Lists: This provision could reduce time and expenditure of election officials by allowing the option to place electronic signatures into electronic poll lists.

Budgets and Bond Issues of Public Libraries: Under current law, a public library that has a non-elected board and whose assessed valuation is not entirely contained within a city or town but was originally established by the city or town, is required to have its budget and property tax levy, and bond issues approved by the city or town fiscal body. Under this bill, beginning December 31, 2010, if more than 50% of the parcels of real property within the jurisdiction of the library are located outside the city or town limits, the county council rather than the city or town fiscal body would become the approving authority. Neither current law nor this proposed legislation applies to public libraries in Marion County.

The fiscal impact of this proposal would depend upon whether the county council would approve a lower budget and property tax levy, or a smaller bond issue than would have been approved by the city or town fiscal body. If the budget or the amount of the bond issue would be the same, then the fiscal impact would be minimal.

Reappointment to the Library Board: Under current law, an appointee to a Class 1 library board may not serve more than four consecutive terms. However, if the library district has a population of less than 3,000 and an exhaustive search for a replacement was unsuccessful, the appointing authority may reappoint a board member who has served four or more consecutive terms. Current law limits a Class 2 library board member to a single four-year term.

This bill, in terms of appointment to the library board, would treat Class 1 and Class 2 libraries the same. Appointees to a Class 2 library board would be permitted to serve up to four consecutive terms instead of a single four-year term, the same as it is now for a Class 1 appointee.

After four consecutive terms have been served, the bill permits a less restrictive policy on reappointment to

Class 1 library boards only (Class 2 library board members would still be limited to four consecutive terms). It provides that a board member of a Class 1 library who serves four consecutive terms may be reappointed at least four years after the date the appointee's most recent term ended. Additionally, an unexpired term of two years or less that an individual serves in filling a vacancy on the board may not be counted in computing consecutive terms.

The fiscal impact would depend on how difficult (or costly) it is, especially for a Class 2 library, to replace a board member whose term has expired. As a minimum, the bill would make it much easier, especially in the case of a Class 2 library, to keep well-qualified individuals on the board for more than a single four-year term.

Dissolution of a Library District: The bill establishes the procedure whereby a Class 1 or Class 2 library can dissolve: (1) the resolution to dissolve be adopted by a majority vote of the appointed board members; (2) the legislative bodies of the municipalities, townships, and counties that are a part of the district must approve the resolution; (3) the resolution must then be filed at the State Library and at the county recorder in each county in which the library district is located; (4) all legal and fiscal obligations of the library district have been satisfied; (5) the assets of the district have been distributed and (6) a notice is filed with the county recorders and the State Library that the dissolution is final. The fiscal impact would be minimal.

Electronic Funds Transfer: The bill also allows a Class 1 or Class 2 public library to pay claims by electronic funds transfer if the library board adopts a resolution authorizing this payment method. The fiscal impact would be minimal.

Background and Additional Information - County Commissioner Salaries: The county fiscal body fixes the compensation of officers. In 2009, county commissioner salaries varied between \$4,800 and \$65,294 per commissioner, with the median salary being \$20,214. Data was not available from 25 counties including Marion County and Lake County.

Election Expenses: Expenses to run an election include precinct election board per diem, rental of a facility for polling (if necessary), and/or voting equipment (if necessary.) Based on a small sample of Indiana counties, per diem for election board members ranges from \$65 to \$150 for inspectors and from \$40 to \$100 for judges, clerks, and sheriffs.

Elected School Boards: The Department of Education reports for school year 2008, 201 school boards are elected at primary and 76 are elected at general elections.

Vote Centers: Reduction of local expenditures would depend largely on requiring one vote center per 10,000 active voters (in counties with 25,000 or more active voters). The following table depicts the number of precincts vs. the potential number of vote centers statewide (if all counties established vote centers at a one-to-10,000 ratio).

Table A. Voter Statistics	
Active Voters (4/30/2008)*	3,912,413
Minimum Vote Centers (one per 10,000 voters)	391
Inactive Voters (4/30/2008)*	406,144
Number of Active Precincts (5/6/2008)*	5,346
2008 General Election Registered Voters	4,514,759
2008 General Election Voters Actually Voting	2,805,986
*Most recent data available from Secretary of State	

The impact would be overstated if it were assumed the number of precincts coincides with the number of polling places. Some precincts are housed together in the same polling place and rely on the same voting equipment. However, there would be an overall reduction in the number of polling places if every county maintained a vote center for at least 730 or more active voters. Each precinct is required to maintain a separate precinct election board. Assuming a ratio of one center per 10,000 voters was generally followed, hundreds of precinct election boards would be eliminated by vote centers. Any actual savings would vary by county since many paid precinct election board positions go vacant due to shortage of poll workers or already have been eliminated by various county election boards as unnecessary.

Explanation of Local Revenues: *Township Fire Emergency Loans:* Under current law, when a township fire department in Marion County is consolidated into the Indianapolis City fire department, debt incurred by the township before the consolidation remains an obligation of the township and the township continues to impose a levy for debt service.

Under this provision, the consolidated city may levy a tax within the township to repay any emergency or temporary loans that were obtained by a consolidating entity. The levy could be imposed for no more than four years. Long term debt, however, would not be affected by this provision.

The taxpayers of the township will pay for the loans under current law and under this provision. Administration of the tax levy and loan servicing could transfer from the township to the city.

Library Cards: Under current law, a library board may issue a local library card to residents of the library district free of charge, and for a fee (\$25 minimum) to Indiana residents who are not residents of the library district. The board, at its discretion, may charge a reduced fee to students who attend a public or nonpublic school in the library district.

Under this bill, the board by majority vote, may issue a library card free of charge to employees of the library district and employees of a school corporation or nonpublic school located in the district. This may reduce the amount of revenues the district receives from issuing library cards.

Collection of Unpaid Debts: Under current law, a Class 1 library board may designate a third party to collect money for the library if the amount is over ten dollars (there is no similar provision for a Class 2 library). This bill would permit both Class 1 and Class 2 libraries to designate a third party to collect money on their behalf regardless of the amount owed. This may increase the amount of revenue collected by libraries,

especially Class 2 libraries.

State Agencies Affected: Secretary of State; Election Division; Commission on Judicial Qualifications; State Library.

Local Agencies Affected: County election boards; county commissioners, township constables in Marion County; Marion County Indianapolis City-County Council; Public Libraries.

Information Sources: *2009 County Factbook*, Association of Indiana Counties.

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